

**HARTSTENE POINTE WATER-SEWER DISTRICT  
REGULAR MEETING  
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584  
June 4, 2026 1:00 P.M.**

**AGENDA**

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence
5. Present Agenda
6. Minutes of the May 21, 2026 Regular Meeting (2-3)
7. Minutes of the May 27, 2026 Special Meeting (4)
8. Minutes of the June 3, 2026 Special Meeting (5)

**REPORTS:**

9. Commissioner Reports
10. Financial/Administrative Report:
  - Bills to Be Authorized:
    - Voucher 2026-27
  - Approve 2025 Annual Financial Report to the WA State Auditor (6-17)
11. Operations Report (18-19)

**ITEMS REQUIRING BOARD ACTION:**

12. Discussion with Engineer, if Needed
13. Status Update of Asset Management
14. Consider Potential Temporary Hire Options
15. Water Use Efficiency Public Forum Discussion & Public Notice
16. Review Side Sewer Policy
17. Commissioner Email Addresses & Archive Options
18. Review Water Board Bible Chapters One (1) & Two (2)

**ANY OTHER BUSINESS** (for new or overlooked items not included in the agenda)

**HARTSTENE POINTE WATER-SEWER DISTRICT  
REGULAR MEETING of the BOARD OF COMMISSIONERS  
May 21, 2026  
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584**

**MINUTES**

**PRESENT:** Secretary C. Anderson, President S. Swart, Audit Commissioner S. Birgh, Interim Operations Manager (IOM) Jaron S., Project & Accounts Manager (PM) Joe S.

**CALL TO ORDER:** The meeting was called to order at 1:08 pm

**SUBSCRIBER REMARKS:** One subscriber was present, who conveyed appreciation for the bluff restoration work performed by sewer project contractors

**CORRESPONDENCE:** No correspondence

**PRESENT AGENDA:** *Commissioner Birgh moved to adopt the agenda. Commissioner Anderson seconded. Hearing 3 aye votes and 0 nay votes, the agenda was adopted as presented.*

**MINUTES:**

The minutes of the May 6, 13 & 18, 2026 special meetings were presented. Additionally, the minutes of the May 7, 2026 regular meeting were presented. *Commissioner Swart moved to approve the minutes. Commissioner Birgh seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved as presented.*

**REPORTS:**

**Commissioner Reports:**

- Commissioner Anderson inquired about website updates; PM will make updates to the website and provide login credentials for Commissioner Anderson
- Commissioner Anderson attended a webinar regarding utilities being taxed
- Commissioner Swart provided an update from the engineer regarding the hydroseeding plan
- Commissioner Swart shared that final approval of the bluff trail restoration by the HPMA General Manager has been confirmed for May 27, 2026

**Review Water Board Bible, Chapter One (1):** Commissioners tabled this review

**Financial/Administrative Report:**

- Bills to Be Authorized:
  - Voucher 2026-24 in the amount of \$13,082.95 was presented. *Commissioner Anderson moved to approve voucher 2026-24 in the amount of \$13,082.95. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
  - Voucher 2026-26 in the amount of \$40,947.11 was presented. *Commissioner Anderson moved to approve voucher 2026-26 in the amount of \$40,947.11. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
- Bills to Be Reviewed:
  - Voucher 2026-25: PM presented for review

**Interim Operation Manager’s Report:**

- IOM shared his report on the current state of District operations and shared that state regulatory agencies have been informed of staffing changes

**ITEMS REQUIRING BOARD ACTION:**

**Consider HPMA Accommodation of District project in Boat Storage Area:** Commissioners discussed

**Formalize & Approve New Management Positions:** Commissioners elected to change job titles of IOM and PM to “Operations Manager” (OM) and “Finance & Administrative Manager” (F&AM) respectively

**Consider Potential New Hire Options:** OM is evaluating future staffing needs, given anticipated workload and planned projects

*At 3:35 pm Commissioner Swart called for a ten-minute executive session per RCW 42.30.110(1)(g) for the purpose of conducting personnel performance reviews for OM & F&AM. The regular meeting will resume at 3:45 pm. OM & F&AM exited the meeting.*

*The regular meeting resumed at 3:45 pm. OM returned to the meeting.*

Commissioners discussed and directed staff to generate personnel records for Commissioner signatures reflecting adjustments to salaries and employment status. *Commissioner Anderson moved to formalize adjustments as discussed. Commissioner Swart seconded. Hearing 3 aye votes and 0 votes, the motion passed.*

*Commissioner Anderson moved to adjourn the meeting. Commissioner Birgh seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 4:00 pm.*

Meeting Minutes Drafted By: PM  
Respectfully Submitted By:

\_\_\_\_\_  
*Signature*

Carl Anderson, Secretary, Commissioner #1  
*Name and Title*

Approved at the Regular Meeting of the Board on: 6-4-2026

**HARTSTENE POINTE WATER-SEWER DISTRICT  
SPECIAL MEETING of the BOARD OF COMMISSIONERS  
May 27, 2026  
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584**

**MINUTES**

**PRESENT:** President S. Swart, Secretary C. Anderson, Audit Commissioner S. Birgh (via teleconference), Operations Manager (OM) Jaron S., Finance & Accounting Manager (F&AM) Joe S.

**CALL TO ORDER:** The meeting was called to order at 10:03 am

**SUBSCRIBER REMARKS:** No subscribers present

**PRESENT AGENDA:** *Commissioner Anderson moved to adopt the Century West Engineering (CWE) agenda. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the agenda was adopted as presented.*

**CONSTRUCTION MEETING:**

**Representatives from CWE, HPMa & Contractors Provided Project Updates & Shared Upcoming Schedules:**

- Representatives provided project updates and shared upcoming schedules
- Commissioners reviewed updates and confirmed today’s final “stakeholders walk” along the east bluff trail for the purpose of HPMa GM acceptance of the restored project area “as-is” until the hydroseeding and tree planting take place in September, 2026

*Commissioner Anderson moved to confirm that District signatory authority is assigned to OM for all Board-approved agreements and contracts, to include those related to the sewer project, such as Department of Ecology and Department of Health. Commissioner Birgh seconded. Hearing 3 aye votes and 0 nay votes, the motion passed.*

*Commissioner Birgh moved to adjourn the meeting. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 10:40 am.*

Meeting Minutes Drafted By: PM

Respectfully Submitted By:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
Carl Anderson, Secretary, Commissioner #1

*Name and Title*

Approved at the Regular Meeting of the Board on: 6-4-2026

**HARTSTENE POINTE WATER-SEWER DISTRICT  
SPECIAL MEETING of the BOARD OF COMMISSIONERS  
June 3, 2026  
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584**

**MINUTES**

**PRESENT:** President S. Swart, Secretary C. Anderson, Audit Commissioner S. Birgh, Operations Manager (OM) Jaron S., Finance & Accounting Manager (F&AM) Joe S.

**CALL TO ORDER:** The meeting was called to order at 10:00 am

**SUBSCRIBER REMARKS:** No subscribers present

**PRESENT AGENDA:** *Commissioner Anderson moved to adopt the Century West Engineering (CWE) agenda. Commissioner Swart seconded.* Commissioner Anderson requested to add “Changes to Petty Cash Account Signers” to the agenda. *Hearing 3 aye votes and 0 nay votes, the agenda was adopted as amended.*

**CONSTRUCTION MEETING:**

**Representatives from CWE, HPMa & Contractors Provided Project Updates & Shared Upcoming Schedules:**

- Representatives provided project updates and shared upcoming schedules

**ITEMS REQUIRING BOARD ACTION:**

**Changes to Petty Cash Account Signers:** *Commissioner Anderson moved to remove Earl Jim Anderson, Stacy Swart and Jeffery Palmer as signers to the District’s Petty Cash Account at Columbia (formerly Umpqua) Bank account ending in \*\*\*\*\*2278 and further moved to add Jaron Sartori and Stefan Birgh as new account signers. Commissioner Swart seconded. Hearing three aye votes and 0 nay vote, the motion passed.*

*Commissioner Birgh moved to adjourn the meeting. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 11:12 am.*

Meeting Minutes Drafted By: PM

Respectfully Submitted By:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
Carl Anderson, Secretary, Commissioner #1  
*Name and Title*

Approved at the Regular Meeting of the Board on: 6-4-2026

**Hartstene Pointe Water-Sewer District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2025**

C-4

		<b>401 Operations</b>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	982,762
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	3,716,702
340	Charges for Goods and Services	1,129,206
350	Fines and Penalties	6,462
360	Miscellaneous Revenues	35,830
	<b>Total Revenues:</b>	<b>4,888,200</b>
<b>Expenditures</b>		
510	General Government	-
520	Public Safety	-
530	Utilities	739,437
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
	<b>Total Expenditures:</b>	<b>739,437</b>
	Excess (Deficiency) Revenues over Expenditures:	4,148,763
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	5,599,937
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	4,003
	<b>Total Other Increases in Fund Resources:</b>	<b>5,603,940</b>
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	9,395,592
591-593, 599	Debt Service	166,933
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	3,983
	<b>Total Other Decreases in Fund Resources:</b>	<b>9,566,508</b>
	<b>Increase (Decrease) in Cash and Investments:</b>	<b>186,195</b>
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	116,776
50841	Committed	-
50851	Assigned	1,052,184
50891	Unassigned	-
	<b>Total Ending Cash and Investments</b>	<b>1,168,960</b>

The accompanying notes are an integral part of this statement.

**Hartstene Pointe Water-Sewer District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2025**

**Note 1 - Summary of Significant Accounting Policies**

The Hartstene Pointe Water-Sewer District was incorporated in May of 2008 and operates under the laws of the state of Washington applicable to a Water-Sewer District. The District is a special purpose local government and provides water, sewer collection, and wastewater treatment services.

The District reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

**PROPRIETARY FUND TYPES:**

**Enterprise Funds**

The District only has one enterprise fund. The fund is the primary operating fund of the District. These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. It accounts for all the District's financial resources.

**B. Basis of Accounting and Measurement Focus**

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

**C. Cash and Investments**

It is the District's policy to invest all temporary cash surpluses. For further information, see Note 2, *Deposits and Investments*.

NOTES

**D. Capital Assets**

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

**E. Compensated Absences**

All regular full-time employees are eligible for Paid Time Off (PTO) as outlined below or as described in the offer of employment. PTO accrual for regular part-time employees will be prorated based on hours worked.

Employees shall accrue PTO and shall be entitled to leave annually as follows:

<b><u>Length of Service</u></b>	<b><u>Monthly Accrual</u></b>	<b><u>Total Yearly Accumulation</u></b>
Years 1 – 5	12 hours (0.0692/hour)	144 (18 – 8 hour days)
Years 6 – 10	14 hours (0.0808/hour)	168 (21 – 8 hour days)
Years 11 – 15	16 hours (0.0923/hour)	192 (24 – 8 hour days)
Years 16 – 20	18 hours (0.1038/hour)	216 (27 – 8 hour days)
Years 21 and beyond	20 hours (0.1154/hour)	240 (30 – 8 hour days)

When an employee separates from the District, regardless of the reason, the employee may cash out 50% of the value of the PTO remaining at the date of separation.

The District's PTO/Sick Leave accrual year is January 1 – December 31. The maximum PTO/Sick Leave carryover is 6 weeks (240 hours) per calendar year.

Payments are recognized as expenditures when paid.

**F. Liabilities**

See Note 3, *Long-term Liabilities*, and Note 4, *OPEB Plans*.

**G. Leases**

Leases are reported as liabilities if the total payments over the life of the lease is more than \$5,000. See Note 8, *Leases*.

**H. Restricted & Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Commissioners. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

Restricted portion of Ending Cash and Investments consist of \$116,776, which are amounts restricted from bond and loan covenants.

**Note 2 – Deposits and Investments**

A. Deposits are reported at amortized cost. Deposits and investments by type at December 31, 2025 are as follows:

<b>Type of deposit or investment</b>	<b>District's own deposits and investments</b>
Bank deposits	\$ 286,286
Mason County Investment Pool	882,674
<b><u>Total</u></b>	<b><u>\$ 1,168,960</u></b>

B. District Investments in Mason County Investment Pool:

The District invests its cash as detailed in the above funds policy. The District is a voluntary participant in the Mason County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the pool at the amortized cost, which is the same as the value of the pool per share. The interest on these investments is prorated to the various invested funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or WA Public Deposit Commission. All investments are insured, registered or held by the District or its agent in the government's name.

Investments are reported at amortized cost. The restrictions of ending cash and investment consist of \$116,776, which are amounts restricted by bond and loan covenants.

**Note 3 – Long-Term Liabilities**

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2025.

The District currently has four loans and one bond:

1. Washington State Water Pollution Control Revolving Fund
  - a. Maturity date: 12/21/2027
  - b. Interest rate: 1.5%
  - c. Semi-annual payment: \$19,055.70
2. USDA Water Revenue Bond
  - a. Maturity date: 09/05/2032
  - b. Interest rate: 2.75%
  - c. Semi-annual payment: \$19,665.00
3. Drinking Water State Revolving Fund Loan
  - a. Maturity date: 10/01/2036
  - b. Interest rate: 1.5%
  - c. Fixed Principal Loan
  - d. Annual Fixed Principal Loan Payment: \$65,670.81
  - e. Annual Interest Amount Varies
4. Clean Water State Revolving Fund Loan (Engineering Phase)
  - a. Maturity date: 6/30/2045
  - b. Interest rate: 1.2%
  - c. Semi-annual payment: 37,488.44

5. Clean Water State Revolving Fund Loan (Construction Phase)

- a. Maturity date: 6/30/2046
- b. Interest rate: 0.4%
- c. Semi-annual payment: 289,945 \*Estimated, final amortization schedule not available

The debt service requirements for general obligation loans, revenue bonds, and revenue obligation loans, are as follows (including estimated amounts, see above “5. Clean Water State Revolving Fund Loan”):

Year(s)	Principal	Interest	Total
2026	\$ 468,932	\$ 49,244	\$ 518,175
2027	465,050	52,141	517,190
2028	430,102	47,992	478,094
2029	432,828	44,281	477,109
2030	435,696	40,428	476,124
2031-2035	2,098,994	147,915	2,246,909
2036-2040	1,809,064	78,730	1,887,794
2041-2045	1,793,076	28,062	1,821,138
<b>Totals</b>	<b><u>\$7,933,742</u></b>	<b><u>\$488,793</u></b>	<b><u>\$8,422,533</u></b>

Compensated Absences

During the year ended December 31, 2025, the following changes occurred in compensated absences:

	Beginning Balance 01/01/2025	Additions	Reductions	Ending Balance 12/31/2025
<b>Compensated Absences</b>	\$ 13,288	\$ 4,656		\$ 17,944

Note 4 – OPEB Plans

The Hartstene Pointe Water-Sewer District is a participating employer in the state’s Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The District had four (4) active plan members and no retired plan members as of December 31, 2025. The District contributed \$54,944 to the plan for the year ended December 31, 2025. The total OPEB liability consisted of \$77,500 for the year ended December 31, 2025.

Note 5 – Deferred Compensation Plan

The District offers a Deferred Compensation Plan, a 457(b) retirement plan (Plan) to its regular employees. The plan is administered by the WA State Department of Retirement Systems, a department within the primary government of the State of Washington. The District contributes an amount equal to 8% of the employee’s salary/wages each pay period to the plan. The District’s contributions to the plan qualify it as a FICA replacement plan, and employees are not subject to Social Security deductions. The Plan also allows employees to set aside compensation on a tax-deferred basis for retirement. Contributions are subject to annual IRS deferral limits. Employees are 100% vested on plan entry date. The District contributed \$ 23,778 to the plan for the year ended December 31, 2025.

**Note 6 – Risk Management**

Hartstene Pointe Water-Sewer District is a member of the Water and Sewer Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has 78 members. The Pool’s fiscal year is November 1st through October 31st.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance coverage, and provide related services, such as risk management and loss prevention. The Pool provides the following forms of group purchased insurance coverage for its members: All-Risk Property (including Building, Electronic Data Processing, Boiler and Machinery, and Mobile Equipment); General Liability; Automotive Liability; Excess Liability, Crime; Public Officials Liability; Employment Practices Liability, Cyber Liability, Identity Fraud Reimbursement Program; Deadly Weapon/Active Shooter Response Program; and bonds of various types. Most coverages are on an “occurrence” basis.

Members make an annual contribution to fund the Pool. The Pool purchases insurance policies from unrelated underwriters as follows:

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
<b>Property Loss:</b>			
Buildings and Contents	\$1,000 - \$25,000 and See (C) below	\$25,000	\$200,000,000
Flood	See (A) below	See (A) below	\$20,000,000
Earthquake	See (B) below	See (B) below	\$80,000,000 (\$50,000,000 shared by all members, \$30,000,000 dedicated to Alderwood)
Terrorism	\$1,000 - \$25,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler & Machinery	\$1,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$1,000-\$25,000	\$25,000	
<b>Liability:</b>			
Commercial General Liability	\$1,000 - \$25,000	\$500,000	\$10,000,000
Auto Liability	\$1,000 - \$25,000	Same as above	\$10,000,000
Public Officials Errors and Omissions	\$1,000 - \$25,000	Same as above	\$10,000,000
Employment Practices	\$1,000 - \$25,000	Same as above	\$10,000,000
<b>Other:</b>			
Cyber Liability	\$50,000	N/A	\$2,000,000
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000 - \$25,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000
A. \$100,000 member deductibles, per occurrence, in Flood zones except Zones A&V; \$250,000 member deductible per occurrence, in Flood Zones A&V.			

B. Member deductible for earthquakes is 5% subject to \$100,000 minimum Earthquake Shock. The deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.
C. Member deductible for cyber liability is \$10,000 (\$25K for members with more than \$200M TIV) and where applicable the dollar amount of the business interruption loss during the policy's required 8 hour waiting period.
D. WSRMP liability SIR is \$500K with an additional one-time \$500K corridor deductible.

Pool members are responsible for a deductible on each coverage, and the Pool is responsible for the remainder of the selfinsured retention listed in the table above except where noted as follows. The insurance carriers then cover the loss to the maximum limit of the policy. Each member is responsible for the full deductible applicable to the perils of earthquake and flood (the Pool is not responsible for any deductible or self-insured retention for earthquake and flood claims). Each member is also responsible for the full deductible applicable to the Cyber Liability, and that part of a Boiler & Machinery deductible, which exceeds \$25,000.

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months notice before terminating participation (e.g., to withdraw from the Pool on November 1, 2025, written notice must be in possession of the Pool by April 30, 2025). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the district was a signatory to the Interlocal Governmental Agreement.

The Pool is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and performs claims adjustment in consultation with various independent public adjusters.

The Pool is governed by a Board of Directors, which is comprised of one designated representative from each participating member. An Executive Committee is elected at the annual meeting and is responsible for overseeing the business affairs of the Pool and providing policy direction to the Pool's Executive Director.

### **Note 7 – Other Disclosures**

#### **A. Ongoing Capital Construction Projects**

Capital projects with expenditures in fiscal year 2025 are outlined below:

1. **Test Pump Well #3**

The Board of Commissioners budgeted \$20,000 to test pump the District's Well #3. Due to the success of the Well #2 Rehabilitation project, this project is no longer considered an urgent priority.

2. **Well #2 Rehabilitation**

The Board of Commissioners budgeted \$70,000 to rehabilitate the Well #2 treatment facility. Internal piping deteriorating and water productivity is in decline. This project was completed in 2025.

3. **Upgrade Water SCADA:**

The Board of Commissioners budgeted \$15,000 to upgrade the Drinking Water System SCADA in order to provide a more secure, robust, usable control over operating the system. This project was delayed and plans for the upgrades are still ongoing.

4. **Reservoir Cleaning:**

The Board of Commissioners budgeted \$10,000 for routine inspection and cleaning of the District's reservoir. The inspection was completed and cleaning will take place in 2026.

5. **WWT Pumps—Rehabilitation & Maintenance:**

\$15,315 was expensed in 2025 toward the diagnosis of jet pumps used at the wastewater

treatment plant. Other pumps in this budgeted item include procuring backup pumps in the District's *lift stations* and repairing pumps that transport wastewater through the wastewater treatment plant and to Puget Sound. This project is ongoing and \$50,000 was budgeted in 2025 for current and future pump rehabilitation/replacement.

6. Wastewater Infrastructure Replacement Project:

In order to rehabilitate the aging wastewater infrastructure and solve the problem of *Inflow & Infiltration (I&I)* that causes annual violations to the District's *National Pollutant Discharge Elimination System (NPDES)* Permit, the Board of Commissioners voted to update the District's *Sewer Plan*, which was over ten years old. After procuring the new *Sewer Plan*, the Board subsequently voted to seek funding to rehabilitate the wastewater infrastructure as presented by the new plan. The District's project was approved by the WA State Dept. of Ecology. Ecology awarded a \$1.3 million loan for the engineering phase of the project. Ecology approved construction funding totaling \$14M, with \$9M allocated as forgivable principle and \$5M as low-interest loan. Construction began in February 2025 and is expected to be completed mid-2026.

7. SCADA Units for Lift Stations:

The Board of Commissioners budgeted \$17,500 to upgrade SCADA units for Lift Stations. Current equipment at the Lift Stations communicate with the District's SCADA utilizing obsolete radio units that limit operability of Lift Station processes. As part of the project detailed in Note 7, Item 6, a new Lift Station was installed that will use newer technology and Ecology approved funding for existing Lift Stations to match the newer technology. Initiating and completion of this project is expected in 2026.

**Note 8 – Leases**

- A. The District leases office space from Hartstene Pointe Maintenance Association (HPMA) under a lease agreement that began March 1, 2020 and expired February 28, 2025 at midnight. Rent was paid on a month-to-month basis, until terms of the renewal were finalized between the District and HPMA. The new lease agreement began August 1, 2025 and expires July 31, 2030
- B. The rent paid to HPMA in FY 2025 totaled \$12,000. As of December 31, 2025, the future lease payments are as follows:

<b>Year Ended</b>	<b>Total</b>
<b>December 31</b>	
2026	12,000
2027	12,000
2028	12,000
2029	12,000
2030	7,000
<b>Total</b>	<b>\$ 55,000</b>

**Note 9 – Budgets**

The District is not required by State law to adopt an annual appropriations budget; however, it is the District's practice to adopt an annual budget as a fiscal management tool. The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Water Sewer Fund	\$ 15,157,925	\$ 10,305,945	\$ -4,851,980

Sched 01

## Hartstene Pointe Water-Sewer District

Schedule 01

For the year ended December 31, 2025

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2965	401	Operations	3083100	Restricted Cash and Investments - Beginning	\$113,588
2965	401	Operations	3085100	Assigned Cash and Investments - Beginning	\$869,174
2965	401	Operations	3340310	State Award from Department of Ecology	\$3,706,367
2965	401	Operations	3370000	Local Awards, Entitlements, Tribal Government Distributions, and Other Payments	\$10,335
2965	401	Operations	3434000	Water Sales and Services	\$569,901
2965	401	Operations	3435000	Sewer/Reclaimed Water Sales and Services	\$559,305
2965	401	Operations	3590000	Non-Court Fines and Penalties	\$6,462
2965	401	Operations	3611000	Investment Earnings	\$35,220
2965	401	Operations	3699100	Miscellaneous Other Operating	\$610
2965	401	Operations	5340010	Water Utilities	\$146,431
2965	401	Operations	5340020	Water Utilities	\$45,914
2965	401	Operations	5340030	Water Utilities	\$42,628
2965	401	Operations	5340040	Water Utilities	\$121,875
2965	401	Operations	5350010	Sewer/Reclaimed Water Utilities	\$164,552
2965	401	Operations	5350020	Sewer/Reclaimed Water Utilities	\$51,208
2965	401	Operations	5350030	Sewer/Reclaimed Water Utilities	\$15,596
2965	401	Operations	5350040	Sewer/Reclaimed Water Utilities	\$151,233
2965	401	Operations	5083100	Restricted Cash and Investments - Ending	\$116,776
2965	401	Operations	5085100	Assigned Cash and Investments - Ending	\$1,052,184
2965	401	Operations	3899000	Holding and Clearing Account Transactions	\$4,003

<b>MCAG</b>	<b>Fund #</b>	<b>Fund Name</b>	<b>BARS Account</b>	<b>BARS Name</b>	<b>Amount</b>
2965	401	Operations	3918000	Intergovernmental Loans	\$5,599,937
2965	401	Operations	5899000	Holding and Clearing Account Transactions	\$3,983
2965	401	Operations	5913470	Debt Repayment - Water Utilities	\$103,522
2965	401	Operations	5913570	Debt Repayment - Sewer/Reclaimed Water Utilities	\$42,572
2965	401	Operations	5923480	Interest and Other Debt Service Cost - Water Utilities	\$19,300
2965	401	Operations	5923580	Interest and Other Debt Service Cost - Sewer/Reclaimed Water Utilities	\$1,539
2965	401	Operations	5943460	Capital Expenditures/Expenses - Water Utilities	\$54,215
2965	401	Operations	5943560	Capital Expenditures/Expenses - Sewer/Reclaimed Water Utilities	\$9,341,377

Hartstene Pointe Water-Sewer District  
 Schedule of Liabilities  
 For the Year Ended December 31, 2025

ID. No.	Debt ID Title	Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
263.83	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	WA St. Water Pollution Control Revolving Fund	111,384	-	36,572	74,812
263.83	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	Clean Water State Revolving Fund	1,275,253	26,125	-	1,301,378
263.83	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	Clean Water State Revolving Fund	-	5,573,812	-	5,573,812
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,386,637</b>	<b>5,599,937</b>	<b>36,572</b>	<b>6,950,002</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.82	Loans and other obligations to the federal government or other out-of-state governments	Drinking Water State Revolving Fund	788,049	-	65,671	722,378
252.11	Non-voted Revenue bonds	USDA Revenue Bond, 2012	279,949	-	31,851	248,098
263.57	Leases, SBITA, and PPPs	Office Lease	2,000	64,000	12,000	54,000
259.12	Compensated Absences	Compensated Absences, Cash Out Value	13,288	3,694	-	16,982
264.40	OPEB Liabilities	OPEB Liabilities	43,109	34,391	-	77,500
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>1,126,395</b>	<b>102,085</b>	<b>109,522</b>	<b>1,118,958</b>
<b>Total Liabilities:</b>			<b>2,513,032</b>	<b>5,702,022</b>	<b>146,094</b>	<b>8,068,960</b>

6 pages

Sched 15

Hartstene Pointe Water-Sewer District  
Schedule of Expenditures of State Financial Assistance  
For the Year Ended December 31, 2025

State Agency Name	Program Title	Identification Number	Total
State Award from Department of Ecology	Puget Sound Nutrient Reduction Grant	WQPSNR-2001-HPWSD-00028	8,733
State Award from Department of Ecology	WATER QUALITY COMBINED FINANCIAL ASSISTANCE	WQC-2024-HPWSD-00106	3,697,634
	<b>Sub-Total:</b>		<b>3,706,367</b>
	<b>Total State Grants Expended:</b>		<b>3,706,367</b>

# HARTSTENE POINTE WATER-SEWER DISTRICT

## Operations Report

### 6/4/2026

#### CUSTOMER COMMENTS

A resident on Portage complained about having a sulfur smell coming from a washer machine and claims that this has never happened in the past before the project. I offered suggestions to try to solve the issue. I have not heard anything since, so it seems as though the problem has been solved.

#### OPERATIONS

##### **Water:**

Union City **repaired HPMA's backflow assembly** last Friday. I will retest the assembly on 6/4.

I have 2 quotes for the **reservoir punchlist items**. These items include a lock and hasp, proper mesh for the vent, daylighting, paint removal and repaint lid and repair and paint corrosion areas. IUS, the company who cleaned the reservoir, quoted \$6,043.59. This price, however, does not include repainting the hatch; they are not qualified to do that. I am getting a quote from the company that they recommended. The other quote was from Stateline, one of the original bidders on our reservoir inspection/cleaning. This quote came in at 12,133.88.

**Kelly and I repaired a leak on 6/1.** Kelly called in an emergency locate at 0730, the repair was made and backfilled at 1230. Unfortunately, the Century Link locate mark was 6' off and I damaged the line. I contacted Century Link, and they were supposed to send out a technician on 6/2. The technician did not come out, so I contacted them again, and this technician fixed the damaged cable on 6/3.

**The WUE was completed and submitted to DOH.** We had 35.2% water loss last year, which is largely due to excessive main breaks, and unmetered water from fire hydrants from contractors. DOH uses a 3-year average to give utilities a representative percentage. We are required to have less than or equal to 10% water loss from our 3-year average. Our 3-year average is 21.3% loss. Next year water use efficiency should improve drastically with less activity. A copy of our WUE reports can be found on the DOH Sentry database.

**We received the Pre-Plan Agreement from DOH regarding the WSP.** Matt will go down the list of requirements in the agreement, and tell us what is in his scope of work, and how long it will take him to complete. He will then write up a proposal for how much his services will cost. We will be working closely with Matt to complete a draft of the WSP over the next couple years.

##### **Wastewater:**

**LS 8 hit a high level on 5/25.** The pump could not keep up with the demand from the increase in population. Kelly monitored the level of the wet well throughout the week until Thursday when the impeller was delivered. The level had been maintained throughout the week. The level ended up being maintained because sewage was flowing out of a nearby manhole at a lower elevation. Kelly and I

installed the new impeller, and the level pumped down very quickly. As a result of the sewage flowing out of the manhole, I reported the spill to ECY, DOH, Mason County, and the shellfish companies.

**Grinder pump at 386 had an overpressure alarm on 5/27.** After troubleshooting with Correct Equipment, we determined that it was not a pump issue, but rather a discharge blockage, or an improperly installed saddle tap. Rognlin's worked on 5/30 and found that the saddle tap was not cored. They fixed the problem and the unit is back in service. They will repave the section of road when they come back to work on the forcemains.

Due to the increase in population over Memorial Day weekend, **our FC on 5/26 was >200.** When the influent gets more concentrated, the effluent will need a greater amount of disinfection with the CL<sub>2</sub>. After we increased the CL<sub>2</sub>, the FC results went back to normal. Kelly did need to take in an extra sample to the lab on 5/29. ECY likes it for us to keep the GM7 down during the week.

After doing some research, I have determined that the most cost effective and quickest solution for the bluff manholes is to **grind "SEWER" off of the lids.** We will replace the 2 lids in the system that are currently blank, leaving 7 lids to remove the "SEWER."

We have all the parts for the **effluent flow meter**, and we are waiting on a quote from Rognlins. Precision Pipe quoted \$2740.00.

## **STAFF**

**Kelly attended a line locating class** in DuPont through EWROW on 6/3.

**Kelly is going to start on getting his wastewater certifications.** Unfortunately, ERWOW is not offering very many classes that are specific to wastewater this year. I will provide on the job training for him, and when classes and exam reviews come up, we will sign him up. I am hopeful that in the next couple years he will obtain the level of certification required to operate the WWTP.

**One of our previous applicants**, the next best applicant behind Kelly, **is still interested in working for us.** He would be very valuable in helping us with our projects as he is an experienced equipment operator, and a very good worker. Depending on how much work we have, and if he is a good fit, in the fall we may consider hiring him full time.

## **OTHER**

### **Permit Agreement with HPMA**

I discussed the possibility of having a written agreement with HPMA about the permitting process for us, since we have immanent domain and are not required to get permission from HPMA for projects. Derek will run this by the BOD and upon approval will write up an agreement between our board and theirs to make it official.